

MEMORANDUM OF UNDERSTANDING

between

THE UNITED STATES DEPARTMENT OF ENERGY

and

THE INTER-AMERICAN DEVELOPMENT BANK

April 15, 2010

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WHEREAS, the United States Department of Energy (hereinafter referred to as the "DOE") is an instrumentality of the United States Government, whose mission includes advancement of the national, economic, and energy security of the United States; and promotion of scientific and technological innovation in support of that mission;

WHEREAS, the Inter-American Development Bank (hereinafter referred to as the "IDB") is a public international organization, the purpose of which is to contribute to the acceleration of the process of economic and social development of its regional developing member countries in Latin America and the Caribbean, individually and collectively;

WHEREAS, the Latin America and the Caribbean region (hereinafter referred to as "LAC") is confronted with a critical energy situation. While LAC has large oil reserves and significant hydroelectric generation capacity, such resources are unevenly distributed and some countries are not able to keep pace with the growing demand for energy to fuel economic growth and development. The high price of oil and natural gas has increased the energy bills for the majority of the countries in LAC. Unlike previous energy crises, this critical energy situation has the added dimension of an environmental challenge: all countries are vulnerable to the potential significant impacts of climate change which are expected to materialize under various scenarios. The poorest countries in LAC are usually the most vulnerable. At the same time, LAC has sources of non-conventional renewable energy, which have largely been untapped (i.e., geothermal, biomass, wind and solar, among others), and energy efficiency, which remain the cheapest and least utilized source of energy;

WHEREAS, research and development is an important component to reduce the barriers to: (i) the development of clean energy technologies; (ii) sound public policies; and (iii) a regulatory framework to attract investments. In addition, as a result of the international economic crisis, LAC countries are focused on mitigating the economic downturn and addressing social issues that have captured public resources from the energy and climate change challenges. It is expected that financial liquidity constraints will persist in the short-term, to the detriment of long-term capital investments (required to implement capital-intensive energy projects);

WHEREAS, a pillar of the 5th Summit of the Americas to promote energy cooperation, which has the potential to serve as an engine of growth, job creation, technology transfer,

competitiveness, energy security, and trade, creates an important opportunity for the Americas to advance this agenda and yield meaningful results in achieving sustainable energy for the region. As a result, increasing the availability of technical expertise in non-conventional renewable, energy efficiency, energy access, and energy security and establishing innovative and forward thinking mechanisms to access capital are necessary to respond to LAC's demand. Although the nations are in agreement that such energy cooperation should occur, the concrete steps that have been taken are in the form of individual Regional Energy Centers (hereinafter referred to as "RECs") such as the Center for non-conventional Renewable Energy in Chile, the Energy Efficiency Center in Peru, a Wind Center in Mexico, and the Bioenergy Center in Brazil, amongst others; and

CONSIDERING THAT, the IDB and the DOE (hereinafter referred to as the "Participants", and individually, each a "Participant") wish to establish a basis on which the Participants may explore opportunities for cooperation to promote scientific and technological innovation,

NOW, THEREFORE, the Participants have reached the following understanding:

Section 1 Objective

The objective of this Memorandum of Understanding (hereinafter referred to as the "MoU") is to establish a non-exclusive framework of cooperation and to facilitate collaboration between the Participants to support the development of clean sustainable energy and energy efficiency investment projects and technical cooperation in the IDB's member countries that are critical to sustaining the economic, energy and environmental security of the region, with an intention of creating a center to serve as a regional incubator for project finance and to offer technical assistance and capacity building as a regional hub for other regional DOE and IDB-supported centers. The conduct of these and any other activities identified by the Participants is subject to applicable laws and regulations, the Participants' respective internal objectives, policies and procedures, internal approvals, and the availability of funding, personnel, and other resources.

Section 2 Areas of Cooperation

The Participants may, in particular, explore the possibility of cooperating in the following areas, subject to their internal approvals, policies and procedures:

- 2.1 Consideration of the establishment and launching of an Energy Partnership of the Americas Innovation Center (hereinafter referred to as the "Center"), to support the development of clean sustainable energy and energy efficiency investment

projects and technical cooperation in IDB member countries. The Center, if established, could engage in the following type of activities:

- a. Supporting knowledge dissemination, technical assistance, and development of expertise and comprehensive briefings on appropriate energy projects;
- b. Identifying potential projects in the areas of renewable energy, energy efficiency, energy access and energy security;
- c. Assisting IDB member countries in choosing projects supporting technical assistance and project financing in energy-related areas of common interest;
- d. Identifying resources from the DOE, the IDB, donor countries and other innovative sources to be determined to support projects;
- e. Sharing best practices and lessons learned in areas of common interest to the Participants;
- f. Enhancing and reinforcing the intellectual capacity of the Participants and the IDB member countries to provide guidance in the area of energy; and
- g. Exploring the possibilities for promotion and collaboration on staff exchange programs between the Participants to support the Center for such period and on such terms as may be mutually determined.

- 2.2 To advance the implementation of this MoU, the Participants may develop an action plan (hereinafter referred to as the "Action Plan") within three (3) months after the signature of this MoU. The Action Plan may contain the following information: scope of activities, detailed budget, identification of financial and non-financial resources that may be utilized subject to prior internal approval by each Participant, targets or output indicators and evaluation mechanisms.
- 2.3 The Participants may exchange information and consult, as necessary and appropriate, in the interest of identifying additional areas in which, and the concrete activities for which, effective and practical cooperation may be possible within the framework of this MoU. Any exchange of business-confidential information between the Participants is subject to applicable laws and regulations, and the Participants' respective policies and procedures governing the protection of such information from unauthorized disclosure.
- 2.4 Additional related activities may be pursued by the Participants from time to time, subject to each of the Participants' internal policies and procedures, including those policies governing the hiring of consultants and other services.

Section 3

Channel of Communication and Notice

- 3.1 For the purpose of facilitating the implementation of working arrangements to be established by the Participants of this MoU, their respective points of contact are:

3.1.1 For the IDB:

Inter-American Development Bank
Attention: Bernardo Guillamon
Advisor, Office of Outreach and Partnership (ORP/ORP)
1300 New York Avenue, NW
Washington, D.C. 20577
Telephone: +1 (202) 623-1583
Facsimile: +1 (202) 623-2543
E-mail: partnerships@iadb.org

3.1.2 For the DOE:

United States of America Department of Energy
Attention: Gary Ward
Director, Office of the Americas Affairs
1000 Independence Avenue, SW
Washington, D.C. 20585
Telephone: +1 (202) 586-6123
Facsimile: + 1 (202) 586-1180
E-mail: gary.ward@hq.doe.gov

- 3.2 Either Participant hereto may, by notice in writing to the other Participant, designate additional representatives or substitute other representatives for those designated in this Section.

Section 4

General Provisions

- 4.1 This MoU does not create any legally binding obligations between the Participants.
- 4.2 Each Participant is responsible for its costs of participating in the activities contemplated by this MoU. This MoU does not represent any commitment with regard to funding on the part of either Participant. Any such commitment is to be reflected in separate agreements that may be entered into by the Participants. Such commitments and agreements are to be subject to the respective internal policies, procedures and approvals of the Participants.

- 4.3 This MoU does not represent any commitment on the part of either Participant to give preferred treatment to the other in any matter contemplated under this MoU or otherwise.

Section 5
Commencement, Modification and Discontinuation

- 5.1 Cooperation under this MoU may begin upon signature of both Participants and continue for five (5) years unless discontinued pursuant to Section 5.3 herein. Discontinuation of this MoU does not affect contractual obligations already entered into by either Participant in furtherance of the objectives this MoU.
- 5.2 This MoU may be modified in writing only by written consent of the Participants.
- 5.3 The Participants may discontinue this MoU at any time by mutual consent in writing. Alternatively, a Participant may discontinue this MoU at any time by providing at least thirty (30) days written notice to the other Participant.

IN WITNESS WHEREOF, the Participants hereto, each acting through its duly authorized representative, have signed this Memorandum of Understanding in two (2) original counterparts in the English language, in Washington, D.C. on this 15th day of April, 2010.

**For THE UNITED STATES
DEPARTMENT OF ENERGY**



Steven Chu
Secretary of Energy

**For THE INTER-AMERICAN
DEVELOPMENT BANK**



Luis Alberto Moreno
President